

CENTRAL INTELLIGENCE AGENCY

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SECURITY INFORMATION

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Administration

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1. Contrary to various recently expressed opinions, the present number of employees working in USIA firms in Austria remains at a figure of about 45,000.
2. Shortage of currency, including schillings, remains a problem for USIA enterprises. Firms must deposit their cash balances daily at the Soviet Military Bank. On 26 September 1952, the entire light industry section of USIA had only 90,000 schillings for the payment of wages. On the same day the Erste Oesterreichische Glasstoffabrik approached the Finance Ministry for a large interim credit, stating that the concern was at the moment completely insolvent and would have to dismiss 1,100 workers and staff if the Austrian authorities were unwilling to grant credit. The Finance Ministry, however, refused and told the factory management that they must get rid of their existing stocks at reduced prices.
3. The difficulties into which the USIA concerns have fallen can be attributed mainly to the following causes:
 - a. For some years they have occupied themselves exclusively with exports and have neglected their Austrian customers, who have now found new suppliers.
 - b. The raw-material stocks of the USIA concerns never amount to more than that necessary for two weeks' production.
 - c. A custom has grown up of unusually long periods for payment; an example being the present conflict between the Mineral Oil Administration and various USIA building concerns.
 - d. USIA concerns have the reputation of being extremely slow payers as customers of firms outside their own organization.

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- e. The Soviet Military Bank which has hitherto been in the habit of granting credits to the firms at an average rate of 9 per cent has, since the end of July 1952, virtually ceased to do so.
- f. The exorbitant administration costs levied by the Soviet Military Bank on the concerns have prevented them from clearing their heavy indebtedness to the Bank.
4. The unsatisfactory financial position of the USIA firms is at present occupying the attention of both the Finance and the Economic Sections at the Soviet Headquarters in the Imperial Hotel, Vienna. [redacted] Several solutions to the problem have been suggested, one being that the entire USIA organization should be turned over by the present management to the Mineral Oil Administration, which is financially strong enough to reactivate the USIA concerns again. 50X1-HUM
5. Soviet Headquarters has also considered that the USIA firms might be turned over to the Republic of Austria or, in default, given over to it as a trusteeship. In both the latter cases, however, the Russians would stipulate that none of the present workers or staff should be dismissed but that they might be transferred into other USIA concerns.
6. In the Austrian Ministry of Finance an examination is being made as to whether the whole block of the USIA concerns with their machine plants represent an active asset. It has been estimated that, under Austrian management, the present production of these concerns could be easily attained despite a 25 percent reduction of personnel.
7. The Central Bureau of USIA in the Trattnerhof placed a printing order with the Globus publishing house on 20 September 1952 for 50,000 dismissal orders and a corresponding number of rehiring orders. There is anxiety among the workers that, through a large-scale dismissal and rehiring action, they would be deprived of advantages they have earned by previous service.
8. The satellite states now only deal with USIA on a cash basis. All coal deliveries from Czechoslovakia must be paid for in cash. Bulgaria deals with USIA only through the Austrian National Bank in order to be sure of her money. Poland has direct settlement of accounts but demands between 12 percent and 20 percent as a deposit. Since the early part of 1952, deliveries of USIA to the USSR have virtually ceased.
9. USIA and the Military Bank have gambled and have lost large sums of money by buying up dollars with schillings at high rates on the black market.
10. Only the retail concerns (ORS) continue to flourish. The average monthly turnover per business amounts to 160,000 schillings. The shop in the Operngasse, Vienna I, has a monthly turnover of 170,000 schillings. The net profits of the ORS firms do not, however, go to USIA, as they have their own financial and economic administrations.

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